

WHEN RECORDED MAIL TO:

Fulbright & Jaworski, L.L.P.
865 South Figueroa Street
Twenty-Ninth Floor
Los Angeles, CA 90017-2576
Attention: Philip Nelson Lee, Esq.

(DRAFT)

ASSIGNMENT, ASSUMPTION AND CONSENT AGREEMENT

BY AND AMONG

**CAPITAL FORESIGHT-INLAND EMPIRE, L.P.,
A CALIFORNIA LIMITED PARTNERSHIP
As the Transferor,**

**[Affiliated entity of Griffin Partners, LLC, to be determined]
As the Transferee,**

and

COUNTY OF SAN BERNARDINO,

**\$5,520,000
County of San Bernardino, California
Multifamily Housing Revenue Refunding Bonds
1998 Series A (Nova Park Heights Apartments)
[Redeemed]**

ASSIGNMENT, ASSUMPTION AND CONSENT AGREEMENT

This Assignment, Assumption and Consent Agreement (the "**Agreement**") is entered into as of July __, 2003, by and among CAPITAL FORESIGHT-INLAND EMPIRE, L.P., A CALIFORNIA LIMITED PARTNERSHIP (the "**Transferor**" or "**Owner**"), _____ (the "**Transferee**"), and the COUNTY OF SAN BERNARDINO (the "**County**" or "**Issuer**") that issued certain \$5,520,000 County of San Bernardino, California Multifamily Housing Revenue Refunding Bonds 1998 Series A (Nova Park Heights Apartments) (the "**Bonds**") under the terms of a certain Trust Indenture (the "**Indenture**"), dated as of September 1, 1998. The Bonds were redeemed on November 12, 2002.

RECITALS

WHEREAS, the proceeds of the Bonds were loaned to Steadfast Park Heights, L.P., a California limited partnership (the "Prior Owner") as the borrower pursuant to the terms of a certain Loan Agreement dated as of September 1, 1998 (the "Loan Agreement"), between the Prior Owner, the County, and the Bond trustee (the "Bond Trustee") for the purposes of refinancing the construction and development of a multifamily residential housing development commonly known as Park Heights Apartments, located on the real property site in the County described in Attachment 1 hereto (the "Project");

WHEREAS, pursuant to the terms of an Assignment, Assumption and Consent Agreement (the "Prior Assumption Agreement") dated as of November 12, 2002, by and among the Prior Owner, the Transferor, the County, and the Bond Trustee, the Transferor assumed the duties and obligations of the Prior Owner under the following documents:

1. Amended and Restated Regulatory Agreement and Declaration of Restrictive Covenants dated as of April 1, 1990, and recorded on April 18, 1990 in the official records of San Bernardino, California, as Instrument No. 90-148037, among the County, the predecessor in interest to the Trustee, and the predecessor in interest to the Prior Owner (the "Original Regulatory Agreement");
2. Amendment To Regulatory Agreement, dated as of September 1, 1998 (the "First Amendment Regulatory Agreement," together with the Original Regulatory Agreement, the "Regulatory Agreement") by and among the County, the Trustee and the Prior Owner set forth in Attachment 2 hereto;

(The documents referred to in Paragraphs 1 through 2, above, are hereinafter referred to as the "Loan Documents.");

WHEREAS, pursuant to the terms of an Agreement for Purchase and Sale Of Real Property and Joint Escrow Instructions, dated as of _____, as amended (the "Sale

Agreement”), between the Transferor and Griffin Partners, Inc. (“Griffin”), which proposes to transfer ownership of the Project to the Transferee. All of Griffin’s rights, title and interest in and to the Sale Agreement was assigned by _____ pursuant to that certain Assignment and Assumption of Agreement for Purchase and Sale dated as of _____, 2003 between Griffin and _____ (“Transferee”), and Transferee accepted all rights, title and interest in and to, and assumed all obligations of Griffin under, the Sale Agreement;

WHEREAS, pursuant to the terms of Sections 2(d) of the Regulatory Agreement, the Transferor is required to set aside 20% of the units (the "Set Aside Units") of the Project for Low and Moderate Income Tenants at Affordable Rent (incomes at 80% of the median household income for the area and rent cannot exceed 30% of the income limit) and throughout the Qualified Project Period¹ as defined in Regulatory Agreement, such units shall be continuously occupied, or held vacant and available for occupancy, by Low and Moderate Income Tenants at Affordable Rent;

WHEREAS, pursuant to Section 2(g) of the Regulatory Agreement, the Transferor shall not sell, transfer or otherwise dispose of the Project without the prior written consent of the County, which consent shall not be not be unreasonably withheld, as long as the requirements of Section 2(g) are satisfied²;

¹ Qualified Project Period is defined in the Regulatory Agreement to mean "the period beginning on the later of the date of issuance of the Bonds or the first day on which at least 10% of the units in the Project are first occupied and ending on the later of (A) the date that is ten years after the date on which at least 50% of the units in the Project are occupied; (b) the date which is a “qualified number of days” (i.e., 50% of the total number of days from the date of issuance of the Prior Bonds to and including the Maturity Date) after the date on which any of the units in the Project is first occupied, or (c) the date on which any assistance provided with respect to the Project under Section 8 of the Housing Act terminates.” The Qualified Project Period will expire on January 25, 2008, calculated as follows: (i) the Bonds were originally issued to finance the Project on May 8, 1984; (ii) the first unit was rented on June 1, 1985; (iii) ten percent of the units were first rented on June 6, 1985; (iv) fifty percent of the units were rented on August 31, 1985; and (v) the maturity date of the Bonds is August 25, 2029.

² For the Required Rental Period, the Owner shall not sell, transfer or otherwise dispose of the Project, (other than for individual tenant use as contemplated hereunder) in whole or in part, without the prior written consent of the Administrator on behalf of the Issuer, which consent shall be given promptly provided that (1) the Owner shall not be in default hereunder, (2) the continued operation of the Project shall comply with the provisions of this Agreement, (3) the purchaser or assignee shall be willing and capable of complying with the terms and conditions of this Agreement, (4) the purchaser or assignee shall execute any document requested by the Issuer and the Trustee with respect to the assumption of the Owner's obligations under this Agreement, including without limitation an instrument of assumption hereof; shall deliver a copy thereof to the Trustee and shall deliver to the Issuer an opinion of its counsel to the effect that each such document and this Agreement are valid, binding and enforceable obligations of such purchaser or assignee, (5) the Issuer shall not have any reason to believe that the purchaser or assignee is incapable, financially or otherwise, of complying with, or may be unwilling to comply with, the terms of all agreements binding on such purchaser or assignee relating to the Project, (6) the Owner shall pay to the Issuer its reasonable fees and expenses, (including without limitation, allocable internal costs and fees and expenses of County Counsel and Bond Counsel) in conjunction with such sale, transfer or other disposition of the Project, and (7) such other conditions are met as the Issuer may reasonably impose, including without limitation, if requested by the Issuer receipt by the Issuer of an opinion of Bond Counsel to the effect that any such sale, transfer or other disposition will not cause interest on the Bonds to be includable in gross income of the holders thereof for Federal income tax purposes.

WHEREAS, the Transferor and the Transferee have requested the County to consent to the transfer of the Project as provided in the Regulatory Agreement;

WHEREAS, the Transferee desires to assume all of Transferor's right, title, interest and duties related to the Project and that certain Regulatory Agreement on the Sale Closing Date (as hereafter defined);

WHEREAS, the County proposes to consent to the transfer of the Project to Transferee, and the assignment and assumption by Transferee provided herein;

WHEREAS, the Transferor has agreed to pay to the County and the Trustee their reasonable fees and expenses (including, without limitation, allocable internal costs and fees and expenses of counsel to the County and the Trustee and bond counsel) in conjunction with such sale, transfer or other disposition of the Project.

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto hereby agree as follows:

Section 1. Assignment and Assumption of Assumed Obligations And Indemnification

1.1 Transferor hereby assigns to the Transferee, and the Transferee hereby fully and unconditionally accepts and assumes, all of the rights, duties and obligations of Transferor in and under the Regulatory Agreement, including the obligation to pay the Administrative Fee³, arising or accruing from and after July ____, 2003 (the closing date of the sale of the Project under the Sale Agreement) (the "Sale Closing Date") (the "Assumed Obligations"), and agrees to perform such obligations in accordance with the terms thereof. The Transferee agrees to be bound in every way by all of the grants, terms, conditions, and covenants in respect of Transferor contained in the Assumed Obligations. Nothing in this Agreement is intended or shall be construed to impose upon any member of the Transferee personal liability for any of the Assumed Obligations pursuant to this Agreement which are non-recourse obligations under the terms of the Regulatory Agreement.

1.2 The Transferee releases the County and its officers, members, agents, officials, and employees from, and covenants and agrees to indemnify, hold harmless and defend the County and its officers, members, agents, officials, and employees and each of them (each an "Indemnified Party") from and against, any and all losses, claims, damages, demands, liabilities and expenses (including attorney's fees and expenses), taxes, causes of action, suits, claims, demands and judgments of any

³ The Administrative Fee was initially defined under the Loan Agreement. However, because the Transferee is not assuming the Loan Agreement, the term will be defined hereunder to mean an annual fee equal to 0.25% of the original principal amount of the Bonds, payable on September 29, 2003, and on each September 1 thereafter, until the Qualified Project Period (as defined in the Regulatory Agreement) expires as described herein.

nature, joint or several, by or on behalf of any person arising from and after the Sale Closing Date out of:

(a) the transactions provided for in the Regulatory Agreement or otherwise in connection with the Project, or the execution and delivery or amendment of any other document entered into in connection with the transactions provided for in the Regulatory Agreement;

(b) any and all claims arising in connection with the interpretation, performance, enforcement, breach, default or amendment of the Regulatory Agreement or any other documents relating to the Project or in connection with any federal or state tax audit, or any questions or other matters arising under the Regulatory Agreement;

(c) the Transferee's carrying out of any of the transactions provided for in the Regulatory Agreement;

(d) the Transferee's failure to comply with any requirement of the Regulatory Agreement;

(e) any damage or injury, actual or claimed, of whatsoever kind, cause or character, to property (including loss of use of property) or persons, occurring or allegedly occurring in, on or about the Project or arising out of any action or inaction of the Transferee, whether or not related to the Project, or resulting from or in any way connected with specified events, including the rehabilitation or management of the Project, or otherwise in connection with transactions contemplated or otherwise in connection with the Project, or the execution or amendment of any document relating to the Project;

(f) any violation of any environmental law, rule or regulation with respect to, or the release of any toxic substance from, the Project; and

(g) any and all claims arising in connection with the operations of the Project, or the conditions, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, rehabilitation or equipping of, the Project or any part of it, including, but not limited to, the ADA (as evidenced by an architect's certificate to such effect).

This indemnification shall extend to and include, without limitation, all reasonable costs, counsel fees, expenses or liabilities incurred in connection with any such claim, or proceeding brought with respect to such claim; except to the extent such damages are caused by the willful misconduct of an Indemnified Party.

In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought under the Regulatory Agreement, upon written notice from the Indemnified Party, shall assume the investigation and defense of the action or proceeding, including the employment of counsel selected by the Transferee, subject to the approval of the Indemnified Party in such party's reasonable sole discretion, and Transferee shall assume the payment of all expenses

related to the action or proceeding, with full power to litigate, compromise or settle the same in its sole discretion, provided that the County shall have the right to review and approve or disapprove any such compromise or settlement. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense of the action or proceeding, and the Transferee shall pay the reasonable fees and expenses of such separate counsel, provided, however, that unless such separate counsel is employed with the approval of the Transferee, which approval shall not be unreasonably withheld, conditioned or delayed, the Transferee shall not be required to pay the fees and expenses of such separate counsel.

Notwithstanding any transfer of the Project to another owner, the Transferee shall remain obligated to indemnify each Indemnified Party pursuant to this Section for all matters arising prior to the date of such transfer, and, as a condition to the release of the transferor on and after the transfer date, the transferee must assume the obligations of the Transferee under the Regulatory Agreement on and after such transfer date and indemnify each Indemnified Party pursuant to this Section for all matters arising on and after the date of such transfer. The provisions of this Section shall survive the term of the Regulatory Agreement.

Section 2. Consent and Release

2.1 The County hereby consents to the assignment and assumption made by the Transferor and Transferee herein, as well as to the transfer of the Project from Transferor to Transferee as contemplated herein and direct the Trustee to execute this Agreement and the other instruments and agreements contemplated hereby and take any and all actions necessary to facilitate the completion of the transaction contemplated by this Agreement. By its execution of this Agreement, the County acknowledges and confirms that all conditions precedent to transfer of the Project and assignment and assumption of the Assumed Obligations as set forth in the Regulatory Agreement and the Loan Documents have been satisfied or waived, including, without limitation, the requirements of Sections 2(d) of the Regulatory Agreement and Article VI of the Loan Agreement. By their execution of this Agreement, County and Trustee each acknowledge and confirm that, other than those set forth in Exhibit A hereto, as of the date hereof, to their respective actual knowledge (without any duty to investigate and not including implied knowledge), there exists no event of default under the Loan Documents, there exists no event which would give rise to an indemnification obligation by Transferor (including without limitation an indemnification obligation under Article VI of the Loan Agreement), and that there is no event that, with giving of notice, the passage of time, or both, would constitute an event of default or give rise to such an indemnification obligation.

2.2 Except as provided herein, the County and the Trustee hereby fully and unconditionally release Transferor from all duties and obligations under the Loan Documents, Documents and any other documents executed by the Transferor in connection with the Bonds, except for any of Transferor's indemnification obligations under the Loan Documents to the extent that the events, actions, or failures to act which gave rise to such obligations took place prior to the Sale Closing Date. Transferor acknowledges and agrees that the County and Trustee have only released Transferor from Transferor's indemnification obligations under the Loan Documents and Documents to the extent that Transferee has

assumed such indemnification obligations, pursuant to the terms hereof, for events, actions, or failures to act which give rise to such indemnification obligations which take place after the Sale Closing Date.

Section 3. Miscellaneous Provisions

3.1 Transferor represents and warrants to the County that, as of the date hereof, other than those set forth in Exhibit A hereto, there exists no event of default under the Loan Documents and that there is no event that, with the giving of notice, the passage of time, or both, would constitute an event of default. The foregoing representations and warranties shall survive Transferee's acquisition of the Project.

3.2 The Transferor agrees to promptly pay to the County and the Trustee their reasonable fees and expenses (including, without limitation, allocable internal costs and fees and expenses of counsel to the County and the Trustee and bond counsel) as set forth in Exhibit B in conjunction with the negotiation and extension of this Agreement and the other instruments and agreements contemplated herein.

3.3 The Transferor and Transferee agree to promptly record the transfer of the Project in the Official Records of County of San Bernardino, California ("Recorder's Office").

3.4 This Agreement may be executed in one or more counterparts, each of which shall be an original and all of which shall constitute but the same instrument.

3.5 This Agreement shall be governed exclusively by and construed in accordance with the laws of the State of California.

\$5,520,000
County of San Bernardino, California
Multifamily Housing Revenue Refunding Bonds
1998 Series A (Nova Park Heights Apartments)

IN WITNESS WHEREOF, the parties hereto have executed this **ASSIGNMENT, ASSUMPTION AND CONSENT AGREEMENT** as of the date and year first set forth above.

TRANSFeree:

\$5,520,000
County of San Bernardino, California
Multifamily Housing Revenue Refunding Bonds
1998 Series A (Nova Park Heights Apartments)

**[CONTINUATION OF SIGNATURES TO
ASSIGNMENT AND ASSUMPTION AGREEMENT]**

TRANSFEROR:

CAPITAL FORESIGHT-INLAND EMPIRE, L.P.,
a California limited partnership,

By: **Saidoff Enterprises, LLC,**
a Delaware limited liability company,
General Partner

By: _____
Naty Saidoff,
Manager

\$5,520,000
County of San Bernardino, California
Multifamily Housing Revenue Refunding Bonds
1998 Series A (Nova Park Heights Apartments)

**[CONTINUATION OF SIGNATURES TO
ASSIGNMENT AND ASSUMPTION AGREEMENT]**

COUNTY:

COUNTY OF SAN BERNARDINO

By: _____

Thomas R. Laurin, Director
Department of Economic and Community Development

\$5,520,000
County of San Bernardino, California
Multifamily Housing Revenue Refunding Bonds
1998 Series A (Nova Park Heights Apartments)

ASSIGNMENT, ASSUMPTION AND CONSENT AGREEMENT

EXHIBIT A

Dated as of July __, 2003

Defaults And Events that, with the giving of notice,
the passage of time, or both, would constitute an Event of Default

NONE

\$5,520,000
County of San Bernardino, California
Multifamily Housing Revenue Refunding Bonds
1998 Series A (Nova Park Heights Apartments)

ASSIGNMENT, ASSUMPTION AND CONSENT AGREEMENT

EXHIBIT B

Dated as of July __, 2003

Unpaid Fees and Expenses

<u>Description</u>	<u>Amount</u>
County Processing Fee	\$ _____.00
County Counsel	\$ _____.00
Bond Counsel's Legal Services Fee and Expenses	\$ _____.00

\$5,520,000
County of San Bernardino, California
Multifamily Housing Revenue Refunding Bonds
1998 Series A (Nova Park Heights Apartments)

ATTACHMENT 1

DESCRIPTION OF REAL PROPERTY
RELATING TO THE PROJECT

2001 Arden Avenue, City of San Bernardino, California
(APN 0285-762-01 and 02)

EXHIBIT "A"

LEGAL DESCRIPTION OF LAND

The Land is located in the County of San Bernardino, State of California, and is described as follows:

PARCEL 1

THAT PORTION OF LOTS 1, 2 AND 3, BLOCK 2, WEST HIGHLANDS, IN THE CITY OF SAN BERNARDINO, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 5, PAGE 77, OF MAPS, RECORDS OF SAID COUNTY, DESCRIBED AS FOLLOWS:

LYING SOUTHERLY OF THE SOUTHERLY LINE OF THE LAND CONVEYED TO THE STATE OF CALIFORNIA, BY DEED RECORDED JANUARY 26, 1970, IN BOOK 7377, PAGE 588, OF OFFICIAL RECORDS OF SAID COUNTY.

PARCEL 2

THE NORTH HALF OF THAT PORTION OF WALNUT STREET, VACATED, ADJOINING LOTS 1, 2 AND 3, BLOCK 2, WEST HIGHLANDS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 5, PAGE 77 OF MAPS, RECORDS OF SAID COUNTY, DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID LOT, BLOCK 2;

THENCE SOUTH ALONG THE PROLONGED WEST LINE OF SAID LOT 1, A DISTANCE OF 41.25 FEET TO THE CENTER LINE OF SAID WALNUT STREET;

THENCE EAST ALONG CENTER LINE OF SAID WALNUT STREET, A DISTANCE OF 1237.70 FEET TO A POINT ON THE PROLONGED EAST LINE OF SAID LOT 3, DISTANT 41.25 FEET SOUTH OF THE SOUTHEAST CORNER OF SAID LOT 3;

THENCE NORTH ALONG THE PROLONGED EAST LINE OF SAID LOT 3 TO THE SOUTHEAST CORNER OF SAID LOT 3;

THENCE WEST ALONG THE SOUTH LINE OF LOTS 3, 2 AND 1 TO THE SOUTHWEST CORNER OF LOT 1, TO THE POINT OF BEGINNING.

EXCEPT THEREFROM THAT PORTION CONVEYED TO THE STATE OF CALIFORNIA, BY DEED RECORDED JANUARY 26, 1970 IN BOOK 7377, PAGE 588, OF OFFICIAL RECORDS.

\$5,520,000
County of San Bernardino, California
Multifamily Housing Revenue Refunding Bonds
1998 Series A (Nova Park Heights Apartments)

ATTACHMENT 2

AMENDMENT TO REGULATORY AGREEMENT, DATED AS OF SEPTEMBER 1, 1998

(WILL BE ATTACHED)

Notary Public

\$5,520,000
County of San Bernardino, California
Multifamily Housing Revenue Refunding Bonds
1998 Series A (Nova Park Heights Apartments)

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____, 2003, before me, _____, a notary public in and for said state, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacities, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Notary Public

\$5,520,000
County of San Bernardino, California
Multifamily Housing Revenue Refunding Bonds
1998 Series A (Nova Park Heights Apartments)

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____, 2003, before me, _____, a notary public in and for said state, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacities, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Notary Public

Notary Public

\$5,520,000
County of San Bernardino, California
Multifamily Housing Revenue Refunding Bonds
1998 Series A (Nova Park Heights Apartments)

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____, 2003, before me, _____, a notary public in and for said state, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacities, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Notary Public